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# Minutes

## Board of Natural Resources

January 8, 2004

Natural Resources Building, Olympia, Washington

### BOARD MEMBERS PRESENT

Doug Sutherland, Commissioner of Public Lands

Bob Nichols for Governor Gary Locke

Terry Bergeson, Superintendent of Public Instruction

Glen Huntingford, Commissioner, Jefferson County

Bruce Bare, Dean, University of Washington, College of Forest Resources

### BOARD MEMBERS ABSENT

R. James Cook, Interim Dean, Washington State University, College of Agriculture and Home Economics

(Dean Cook was absent due to inclement weather; however he did join the meeting via conference call from 1:30 to 3:30.)

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### CALL TO ORDER

Chair Sutherland called the meeting to order at 9:10 a.m. on Thursday, January 8, 2004, in Room 172 of the Natural Resources Building. He also noted that Maureen Malahovsky, Board Coordinator, had been offered and accepted a position with the Port of Olympia, Sasha Lange was appointed as the Board Coordinator. Chair Sutherland conveyed that due to the inclement weather conditions Dr. Cook would not be able to attend the meeting and arrangements were made for him to join by conference call.

### APPROVAL OF MINUTES

MOTION: Glen Hungtingford moved to approve the November 10, 2003, meeting minutes.

SECOND: Bruce Bare seconded.

ACTION: Motion passed unanimously.

MOTION: Terry Bergeson moved to approve the December 2, 2003, meeting minutes.

SECOND: Bob Nichols seconded.

ACTION: Motion passed unanimously.

## **PUBLIC COMMENTS FOR AGENDA ACTION ITEMS**

### Jim Carlson - Premier Forest Products

Mr. Carlson began by stating that he works for a small forest products company that has been in business since 1969. He believes that there is an opportunity for timber salvage sales on the Olympic Peninsula and that these sales could provide monies for the trust and create jobs. Mr. Carlson stated that in his opinion there is a considerable inventory of dead and downed trees on public lands, which could contribute to wildfires and therefore feels that timber salvage sales need to be addressed. He also suggested going to the legislature with a request for funding a pilot program. He noted that because of the DNR/Trust split, some timber sales go unsold. He feels that timber sales should have more effort and less volume on the Westside and looking at salvage opportunities there is a need for at least three fulltime foresters.

Chair Sutherland commented that the cost of salvage sales is expensive including staff time, however he is open to further discussions about forest health.

Terry Bergeson suggested putting together a budget proviso for legislature pilot.

### Disposal of Lacey Compound and Acquisition of Replacement Properties (handout 1)

Jim Hurst - Division Manager of Engineering presented. He began with a brief history of the compound and pointed out the reasons why it's time to move the location. The compound has been located in Lacey for sixty years but is no longer compatible for highest and best use of land. Current zoning in Lacey is mostly commercial, compound would be better suited to light industrial. The existing buildings are not up to code, expensive to maintain, and are not energy efficient. The current location is in Hawks Prairie, and there is considerable development going on in that area. DNR is looking at two potential sites; one is a 40-acre parcel off 88<sup>th</sup> Street, south of the Olympia Airport. There are two other 5-acre parcels being considered kitty corner to the 40-acre parcel. Qualities of the proposed site; proximity to airport (wildfire fighting support), good access from I-5, compatible zoning and growth plans for that part of the County, close proximity to other state-wide light industrial operations; including State Patrol, General Administration, and Fish and Wildlife.

MOTION: Terry Bergeson moved to approve Resolution #1106.

SECOND: Glenn Huntingford seconded.

DISCUSSION: Bruce Bare asked how this move would be financed. Jim Hurst stated that it would be financed through the sale of the existing sight. Terry Bergeson would like to see some financial data as this acquisition moves forward. Chair Sutherland explained that DNR has expanded the aviation fleet to about 18 helicopters, operationally there will be about 10-12 helicopters for firefighting purposes, this program is slated to be completed at the end of fiscal year 2005. DNR will be working with Port of Olympia to ensure enough hangar space for this change. In addition there is the opportunity to co-locate with other state agencies on this parcel, which would split the cost. Terry Bergeson would like to see a progress report on this proposal as it moves along. Chair Sutherland promised to provide the requested progress reports.

ACTION: Motion passed unanimously.

## TIMBER SALES

### Proposed Timber Sales for February 2004 (Handout 2)

Jon Tweedale - Product Sales Manager, gave a brief update noting that the markets are generally unchanged since last month, supply and demand in lumber is more in balance and there is some movement translating into stumpage prices, there was a bump upward in Hemlock prices for lumber and Doug Fir has been strong for the past 6-9 months, that had not translated into stumpage price increases with the exception of this month.

Terry Bergeson asked about the NAFTA/WTO ruling.

Jon Tweedale responded that there is an ongoing dispute regarding tariffs on Canadian lumber imports and the ruling by WTO is not the final say on whether or not the duty will stay in effect. Mr. Tweedale stated that he would keep the Board apprised of the negotiations and outcome of the resolution in the next few months.

Mr. Tweedale then gave an overview of the December 2003 sales results: 19 sales offered & 18 sold; 61.4 mbf offered & 59.6 sold; \$14.1 million minimum bid & \$19.1 million sold; &222/mbf offered & \$320/mbf sold; average number of bidders 6; 39% above minimum bid.

Proposed February 2004 board sales: 10 sales at 38.6 mmbf; \$8.1 million minimum bid; average \$211/mbf. All 10 sales are recommended.

There were six bidders per sale for this month three years ago the average was two bidders per sale. The increase is due to various reasons including markets; quality of sales, showing that there is a sustained supply, and people seeing DNR as a reliable source of raw materials.

Glenn Huntingford commented that the Department has done well at meeting the needs of the market and asked how this trend can continue?

Mr. Tweedale explained that DNR has improved efficiency by 40% and will continue to increase that number by extending its reach of bidders, communicating with customers in a wider circle, and offering a market niche, however there are constraints due to cost. Mr. Tweedale continued that the diversified market has brought bidders back to DNR and feels that if DNR continues to be a reliable source of materials this current success can be maintained. In addition, making the connection with DNR's customers through the Internet has proven to be important to the way the Department does business, as it allows the customer to understand what DNR is selling and how it meets their mills needs.

Terry Bergeson commented that the partnerships Mr. Tweedale has built with the regions, foresters and customers are excellent and stated that he is an asset to DNR. Ms. Bergeson wondered if the sales increased due to several crises including the California wildfires.

Mr. Tweedale conveyed that US demand is about 52 billion bf per year and that single events don't usually impact the US markets. The strength of the Canadian dollar compared to the American dollar and the fact that DNR has the best timber out there with more flexibility to offer customers have all been contributing factors to the increase in sales.

Bob Nichols commented that timber sales are going out of state; can we get a clearer picture on how our rural counties are benefiting from these out of state sales?

Mr. Tweedale responded that if there aren't mills to process timber than you have oversupply and the result is out of state timber sales.

Chair Sutherland said one other area of interest is that the bidders are holding the contract for two years; he also wondered what the experience has been on harvesting timber?

Mr. Tweedale responded that cash flow is better because they are harvesting sooner than the two-year contract. (slide 5)

Bruce Bare wondered if there were no sales in Eastern Washington by design?

Mr. Tweedale commented that those sales usually occur in March and April.

MOTION: Glenn Huntingford moved to approve February Timber Sales.

SECOND: Terry Bergeson seconded.

ACTION: Motion passed unanimously.

Break 9:50

Reconvened 10:10

Craig Partridge - Policy Director -FSC Certification Report (Handout3)

Chair Sutherland began by explaining that the Pinchot Institute has secured some funds for FSC but not for SFI, about 50% of work has been completed and may be done by spring. FSC did finish review and provided report, Chair Sutherland asked Mr. Partridge to critique the report so that the Board could evaluate where DNR was in the process of certification.

Craig Partridge - Policy Director began with the purpose of the presentation: overview on Certification report; update on current status; suggested evaluation criteria; review and evaluation of assessment specific to FSC certification; future certification options, including SFI certification; opportunity for Board to consider incorporation of FSC certification into preferred alternative.

Mr. Partridge stated that in general forest certification is an increasingly promoted means of demonstrating sustainability of forest management and that DNR remains interested in pursuing certification well suited to management of state owned land trust lands. There are numerous brands of certification and there is now information available on FSC certification, which will allow DNR to do a detailed evaluation of the suitability of the Forest Stewardship Council (FSC) brand of certification for state trust lands. Mr. Partridge then continued by mentioning that he had last been before the Board in June of 2003 talking about the potential economic benefits of certification at the Board's request. DNR presented a proposal to proceed with certification steps with partial possible funding in hand, while continuing to pursue full funding. Those steps included the FSC assessment update, SFI pre-certification audit, and full SFI assessment later this year. Mr. Partridge then gave a list of four suggested evaluation criteria that he felt were important in assessing the proposal that Scientific Certification Systems provided to DNR. The list included Fiduciary trust responsibility 1) exercise reasonable prudence 2) maintain undivided loyalty 3) avoid speculation; 4) gain full market value for trust assets; benefits and costs; scientific soundness; and public interest.

Mr. Partridge continued with the results of the 2003 FSC Assessment update by Scientific Certification Systems, saying that while it appears generally favorable, there are significant additional conditions required for FSC certification. Scientific Certification Systems chose to link their recommendations to

alternative 1 of the Sustainable Harvest Calculation, that was their choice and it presents some information that may be helpful to the Board.

FSC has nine broad principles that are used to judge the landowner; eight out of nine FSC principles DNR scored above the standard for FSC certification, and slightly below the FSC standard for one FSC principle. Noted strengths, relative to FSC standards: Strong legal compliance and public disclosure, active interaction with all stakeholders, good pursuit of efficiencies and marketing, HCP referred to as safety net for conservation, reservation and restoration of older forest characteristics, active removal of fish passage barriers and active planning & monitoring taking place. Noted weaknesses, relative to FSC standards: No clear DNR statement of support for FSC, Lack of timber supply dedicated to local processors, lack of a social mitigation program for reduced timber supply, plans to lift interim field constraints and rely on HCP protection, scaling back of local and field controlled landscape planning, lack of formal DNR monitoring of individual species, social impacts and chain of custody, lack of a full formal program to permanently protect extensive areas and all examples of “high conservation value forests”.

Terry Bergeson inquired as to why it would be the Department’s responsibility to track the lumber that was certified and not Lumberman’s, her concern being that in order to set up a tracking process it could potentially make it harder for the Department to become FSC certified. (In reference to the chain of custody).

Mr. Partridge remarked that his understanding of the FSC standard is that it is a shared responsibility and the Department has to do their part by making sure that the timber is identifiable.

#### ***Recommended Evaluation of the 2003 FSC Assessment Update***

Key elements that need to be considered with fiduciary trust responsibility are

- 1) *reasonable prudence*; based on evaluation of potential net benefits, net costs, and demonstrated public interest,
- 2) *avoiding speculation*; apparent subjectivity of portions of the assessment
- 3) *Undivided loyalty*; FSC requires explicit management actions aimed at providing economic benefits to local communities, including mitigating for reduced timber supply; FSC requires an explicit long-term commitment to FSC
- 4) *Gain full market value for Trust assets*; FSC requires extensive “high conservation value” forests to be permanently dedicated to protection, beyond regulatory requirements.

Bob Nichols wondered if the explicit long-term commitment to FSC was contractual?

Mr. Partridge said that it was not contractual and that the standard could evolve with time. He then continued to discuss the criteria related to the evaluation. Potential Benefits of FSC certification: Review: reference June 2003 Board presentation.

#### ***Potential Economic Benefits & Specific Conclusions***

*price premium to landowner*; the general conclusion of all those contacted is that there is no evidence of a price premium to landowners in any but very rare cases.

2) *Effect of market access factors on price*; No systematic studies currently; case specific qualitative information does exist; major purchasers of forest product are moving toward environmental procurement, but currently still a small percentage; specific certification brands are not important to most purchasers; future growth in trend will likely occur, driven by major retailers rather than end consumers; DNR purchasers not currently demanding certified wood, but may benefit from it, if available; most industrial forestlands in Washington are becoming certified, mostly under SFI.

#### ***Potential Costs of Certification***

Cost of permanently retaining “interim field constraints” (owl circles; 7% retention; 50/25 rule) up to \$28 million/year, based on difference between alternatives 1 and 2.

2) Cost of permanently retaining no-entry riparian zones \$4 million to \$17 million/year, depending on alternatives.

3) Cost of permanent uncompensated dedication of all stands with old-growth characteristics (beyond regulatory requirements) as “high conservation value forests” (Dollar estimate uncertain, depending on definitions and forest inventory).

4) Cost of adopting additional procedural and staffing recommendations and social mitigation program (Dollar estimate pending – likely several million/year).

5) Cost of dedication timber to local processors (Dollar estimate pending – likely several million /year).

### ***Scientific Soundness***

Over-reliance on “interim field constraints” adopted, after approval of HCP, with no scientific or public review or input.

2) Under-reliance on science based HCP, adopted by Board with full public participation and federal approval.

3) No scientific rationale offered in support of (1) and (2).

4) Excessive subjectivity of assessment; undefined concept of “precautionary.” assessment recommendations not subjected to the same rigor as what is expected of DNR land management – e.g., murrelet strategy.

5) Pacific Coast FSC standards were found by Oregon Dept. of Forestry to be “more prescriptive” than other FSC regional standards, without evident justification.

### ***Public Support for Certification (FSC Only)***

Recently, the most frequently advanced reason for certification.

2) Public support for certification was originally based on opposition to illegal logging of tropical forests, not highly regulated sustainable forestry in west coast U.S. states.

3) Consumer and retail demand for certified wood and paper products is not exclusively linked to FSC certification. FSC represents a small niche market in the U.S.

4) No strong general public desire is apparent in Washington for more restrictive and expensive forestry practices (as evidenced by general polling).

5) FSC certification would not be stringent enough, in the opinion of the Washington Environmental Council, or relax WEC pressure for further restrictions. Source: WEC website.

### ***Summary***

1) Acknowledged questions remain about compatibility with trust management.

2) Costs appear to greatly exceed benefits.

3) Scientific rigor is not always apparent.

4) FSC certification would not resolve public debate about state forest management.

### ***Future DNR Plans for Certification***

1) SFI progress report: Pre-certification audit results favorable; Pinchot Institute expects to raise additional \$120,000 for full assessment; completion targeted for summer-fall 2004.

2) Forest Resources Plan Review: Team formed; budget in place; completion early 2005; Board evaluation of certification explicitly included.

Chair Sutherland declared that the report would cause discussion and he wanted the Board to have the information. He also mentioned that he would like to continue the FSC and SFI assessments but also look at self-certification and as the Board goes through the SHC, to keep this in mind.

Terry Bergeson asked if being self-certified is a federal plan?

Bob Nichols replied that it would be ESA compliant.

Bruce Bare speculated that self-certification would raise a lot of questions and if Mr. Partridge could explain why DNR isn't practicing plantation management?

Mr. Partridge replied that it was the opinion of the certifier.

Bob Nichols wondered if DNR could take sections of land and say they are certified?

Mr. Partridge conveyed that the Department would like to explore that option.

#### Lake Whatcom Landscape Plan Review (Handout4)

Bill Wallace-Northwest Region Manager, and Jeff May District Manager presented.

Chair Sutherland noted that Dan McShane would be coming forward at the end of the presentation for the purpose of Q&A.

Mr. Wallace began with the purpose of the presentation: an update on the EIS and to talk about the process leading up to the Final EIS results. Mr. Wallace also mentioned that two of the nine committee members were in the audience: Dan McShane County Councilman, and Vincent D'Onofrio Commissioner at Water District 10.

Mr. Wallace indicated that this was not an action item and that the FEIS will be published in January. He will then bring the final EIS to the Board in Spring 2004.

#### *Brief History of State Forest Lands Around Lake Whatcom*

1983 Large storm event (Lake Whatcom drainage experienced fair share of flooding)

1989 Whatcom County requested DNR acquire Trillium ownership

1993 DNR land exchange with Trillium

1997 Watershed analysis

1998 Landscape Plan placed on hold

1999 Legislation 2SSB 5536 – focused on water quality standards, treated the watershed as a pilot project

2000 Legislation E2SSB 6731- complete landscape plan with a focus on water quality, slope stability and public safety.

#### *Elements of Legislation (E2SSB 6731) slide 4*

Riparian Zones for all streams (including type 5 streams)

Carefully regulate harvest and road construction on potentially unstable slopes

Prohibit road construction on unstable slopes

Develop sustained yield model for Lake Whatcom that was consistent with the statewide model

Develop road management plan

#### *Planning Process slide 5 & 6*

2000 E2SSB 6731 Lake Whatcom

2000 Committee & DNR began meetings (committee has representation from City of Bellingham, Whatcom County, Water District 10, DF&W, Department of Ecology, Department of Health, two citizen members, and a representative from the Lummi Nation)

2000 Three neighborhood meetings  
2001 Public scoping meeting  
2002 Public meeting (Preliminary Draft EIS with 5 alternatives)  
September 2003 Release DEIS  
September 2003 Public meeting/hearing  
January 2004 Release FEIS  
2004 FEIS to Board of Natural Resources Notice of Action

*Principles of Preferred Alternative (Slide 7)*

- 1) Comply with laws & Policies
- 2) Comply with legislative requirements
- 3) Apply what we have learned
- 4) Satisfy landscape objectives
- 5) Balance ecological, social, cultural & economic values.

*Preferred Alternative*

Seeks balance

Reflects knowledge gained

Focus:

- Maintaining slope stability
- Protecting water quality
- Protecting cultural resources

*DNR & Committee Consensus on Preferred Alternative (Slide 9)*

DEIS complete consensus

FEIS complete consensus except:

- Green tree retention
- Oil and gas drilling outside of watershed
- Role of future interjurisdictional committee

Mr. Wallace brought to the Board's attention several items that will be discussed in the final EIS. The Department and committee intend to discuss these items more completely after the final EIS is issued. When the results of the preferred alternative were published in the Draft EIS a few months ago there was consensus on the preferred alternative's strategies by the committee. After the DEIS went out for public comment the Department received comments back and had further discussions with the committee. There were a few areas where some individuals on the committee did not come to complete consensus, and likewise for the Department. The first was green tree retention; the preferred alternative and strategy of the DEIS essentially has the retention at 7% which is consistent with the HCP. Upon discussion with the committee they could not come to consensus within the committee on what they felt the green tree retention should be so were not able to provide a new recommendation to DNR.

The second item was oil and gas drilling. In the DEIS there is an objective for the Department to consider opportunities to generate revenue from oil and gas drilling. There is no knowledge that there is oil and gas that is commercially viable but in the event that there was the Department would address it in a series of strategies. In the DEIS the committee and the Department agreed that DNR would not do any surface drilling in the municipal watershed, however it would allow for the Department to drill for oil and gas outside the watershed. In the event that oil or gas was found to be beneath the Lake Whatcom watershed on state land, a technique called slant drilling can be used to go outside the watershed on the surface and come within the watershed to tap the potential pool of oil and gas resources.

Some of the comments DNR received during the DEIS comment period were concerns about potentially contaminating the aquifer or the lake itself with the slant drilling. There was no technical information



received but the committee discussed this subsequent to that and there were some people on the committee who had knowledge of past drilling in Whatcom County where the drilling did cause salt water to run into a lake, killing some of the freshwater fish species. The Department is presenting this information to analysts and will be reported in the final EIS. Mr. Wallace noted that on oil and gas drilling the consensus of the committee was to not have slant drilling.

The third and final element was the role of the future interjurisdictional committee (IJC), the committee discussed the future role of the IJC at length. They didn't come to a consensus on this but they did come to a majority recommendation.

1) Legislation says "the Department shall establish an interjurisdictional committee for the development of the landscape plan to review the site specific activities, and make recommendations." Mr. Wallace pointed out that the current nine-person committee has helped prepare the plan. Having completed the task identified by the legislation, it's time to move to phase two, reviewing site-specific activities and making recommendations. A different group with different functions is envisioned. A likely expectation will be that the new interjurisdictional committee will have technical expertise so they can review the implementation of the plan. The formation of the next committee is important to the current committees' reaching a consensus on the preferred alternative. Many people feel that successful implementation of the plan requires a strong interjurisdictional committee. Committee members expressed that they want an interjurisdictional committee "with teeth", in discussing what that meant a majority of the committee members made a recommendation to the Department as follows: "The interjurisdictional committee have a default application of more restrictive prescriptions in instances where the next committee and DNR cannot agree on the appropriate prescriptions for a specific site and that those default prescriptions will be applied only when the DNR and the Lake Whatcom Management Committee reach agreement." The Lake Whatcom Management committee is a standing committee consisting of the Mayor, the County Executive, and the Water District.

#### Referenced handout 5

Mr. Wallace indicated that the Board members had two letters in their packets, one from Commissioner Sutherland and one from local jurisdictions in Whatcom County. The letter is a on-going dialogue regarding how DNR will work with the local community to implement the landscape plan, a fair amount of that discussion is the make-up and working with a IJC.

Bob Nichols commented on the Trillium land exchange and wondered if there had been discussions regarding DNR's increased presence in the watershed.

Mr. Wallace said that when the land exchange occurred in 1993, The County approached the then Commissioner Brian Boyle and the DNR about benefits to the community for a large land exchange. At that time the Board members talked about the merits of moving more trust land into the watershed but based on the commitment to build a partnership with the County to have commercially viable forestland, the Board approved the land exchange.

Bob Nichols asked if this positive exchange was continuing?

Mr. Wallace said yes.

Chair Sutherland introduced Dan McShane.

#### Dan McShane Whatcom Landscape Committee (handout 6)

Mr. McShane began by directing the Board's attention to several documents that he handed out including a copy of the 1992 resolution for the Trillium land exchange, his and Alan Soicher's resume, and an interagency agreement between the county and DNR. He noted that it has been a pleasure to serve on the committee and work with Bill Wallace and Jeff May who showed great patience and ability to educate the committee. One thing he did provide was the rationale behind the committee consensus on drilling, which was partly motivated by Mr. McShane himself.

He expressed concern over the State of Washington doing exploration drilling because of the lack of experience, and the past drilling that caused salt water to run into fresh water killing fish species. He then added that he provided his resume and Alan Soicher's as well, to show their background expertise in the forest industry, demonstrating that there was forestry representation on the committee.

## **PUBLIC COMMENTS FOR GENERAL ITEMS OF INTEREST**

### Rod Fleck - Forks City Attorney (handout7)

Mr. Fleck began by commenting that certain elements of the FSC requirements (Pacific Coast Standards) may run afoul of trust mandates and wondered how they could be balanced.

He then expressed concern over the interim field constraints in relation to OESF, especially the reductions in Clallam County, which could be as much as 80%. He then referred to the following handout: *Social Impacts of the Timber Decline in the Olympic Region 1989-2003 (handout 7)*.

He suggested that Mr. Carlson's ideas should be explored. In regards to the Forks urban cluster he stated that using a cookie cutter approach should be avoided.

### Cabe Tucker - Citizen

Mr. Tucker stated that DNR should set aside all old growth and that the Board should look at FSC before the SHC.

### Carol Johnson - Executive Director - North Olympic Timber Action Committee

Ms. Johnson began by stating that rural communities have been dramatically affected by loss of forest management opportunities. She noted that Dr. Jerry Franklin testified to the Board of Natural Resources that there was no scientific reason not to harvest old growth. In regards to FSC she found that 85% of timber at a local Port Angeles building product purveyor was purchased in Canada and that they did not sell FSC timber. She commented on the wildfires in Canada and noted that the Camloops fires burned more timber than they harvest in a year. She stated that from a strictly social standpoint it would be easier to harvest than let it burn (she referenced the Biscuit fire in Oregon and the recent California wildfires). Lastly she remarked on a recent watershed analysis on Lake Whatcom, which showed degradation due to human habitation. All these social issues need to be looked at.

### Sharon Roy - Whatcom County Council

Ms. Roy commented that the County and City support this process and the work that has gone into this plan (EIS); she also emphasized the importance of an interjurisdictional committee and the maintenance of it. She suggested that the Board look at the landscape and support the citizen effort.

### Lance Hellengas - Director - Board of Sudden Valley Community Association

Mr. Hellengas expressed concern over growth in Sudden Valley and also commented that the Interjurisdictional committee should be a permanent mainstay and that his association supports the committee.

Eric Harlow - Staff Scientist - Washington Forest Law Center

Mr. Harlow began by urging the Board to consider doing a Supplemental EIS with regards to the SHC. He stated the importance of the Board's role in ensuring that the requirements for SEPA are fulfilled. He pointed out some concerns that he felt weren't covered in the comment overview of the DEIS. He then stated that the preferred alternative the Board selects needs to have an adequate environmental review that is open to public comments.

Marcy Golde - Washington Environmental Council (WEC) (handout out 8)

Ms. Golde urged the Board to go back to the summary portion of the certification report and look at the actual requirements, her reasoning is that there should not be a decrease in the amount of environmental protection and she feels that this should be linked to the HCP. She stated that the HCP is an important contract between the DNR and the Federal Government and according to WEC's analysis there are some areas that need to be rectified including, implementation, riparian areas, and marbled murrelet. She then referenced handout 8, which is a joint letter from US Fish and Wildlife and National Marine Fisheries Service.

Becky Kelly - Washington Environmental Council (WEC) (Handout 9)

Ms. Kelley commented on the FSC report suggesting that an FSC person come to the Board to explain their interpretation of what would be required for DNR to become certified. From the WEC viewpoint Alternative 1 does not equal certification but would go a long way with building public trust. She then stated that FSC, old growth protection, and strengthening the HCP are all things that should be evaluated.

Vincent D'Onofrio - Commissioner Lake Whatcom Water District 10

Mr. D'Onofrio stated that he had just recently been re-elected by 67% and in his opinion that is partly due to his commitment to serving on the Lake Whatcom Landscape Committee. He stated that it has been a good experience working with Bill Wallace. He then commented that there were two things that were left in doubt at the end of the committee's work. One being the 7% retention rate, the committee felt that it was too low but could not come up with a rationale as to why and how it should be set. Secondly, he feels that there should be an expert aside from DNR to assess slope stability.

Lunch 12:40

Reconvened 1:40

Jim Cook joined the meeting by teleconference at 1:45.

Chair Sutherland referenced a letter (handout 9) that was written to Bruce Mackey from U.S. Department of the Interior, Fish and Wildlife Service and the U.S. Department of Commerce, National Marine Fisheries Service.

Bruce Mackey explained that the letter was written due to possible confusion regarding representation of owl circles in the DEIS, table D-4, in the appendix on page B45. It was incorrect but has now been corrected in the DEIS on page 212 & 213 and on the website. The other concern had to do with marbled murrelet modeling. DNR has had conversations with both WDFW and Federal Services regarding this. In the model run we used the same approach that we used in the original HCP, which is a set of about 30% marbled murrelet acres set aside as being assumed off-base. We are now doing surveys that identify off-base land. We will modify the model so that it reflects the actual long-term marbled murrelet strategies for the various planning units.

Mr. Mackey asked Gretchen Nicholas, Land Management Division Manager to come forward to explain the misunderstanding between DFW and DNR and how it was resolved.

Ms. Nicholas began by commenting that it was unfortunate that there was a disconnect in communications before the last Board meeting. DNR had heard Paula Sweeden's concerns about the murrelet modeling; unfortunately, in DNR's conversation with her DNR did not adequately clarify the marbled murrelet model. Subsequently, DNR met with Paula Sweeden and Dave Whipple. The results were mutual agreements on ways to improve both the modeling and communications with the Federal Services and WDFW. She then added that DNR took it one step further by agreeing to meet more frequently to strengthen the relationships. The major objective is to avoid future miscommunication. Additionally Ms. Sweeden and Tami Riepe have worked together extensively and successfully, fully believing that this positive working relationship will continue.

Terry Bergeson commented that having these positive working partnerships is essential to doing business, especially at this time of important decision-making.

Bob Nichols asked if the Federal Services and WDFW were okay with the murrelet modeling as it stands?

Mr. Mackey responded that they know how it's being modeled and understand the need for DNR to pursue the prompt completion of the riparian and murrelet strategies.

Chair Sutherland concluded that the Department took the letter seriously and followed up on it.

## **SUSTAINABLE HARVEST CALCULATION WORKSHOP**

Bruce Mackey-Lands Steward, and Angus Brodie - Assistant Division Manager of Land Management Division, presented. Mr. Mackey began by stating his goal of today's workshop would begin with an overview of the DEIS by Jack Hulse, then for the Board to try and work on creating one or more mix or match draft alternatives that could be run. (Handout 10) Mr. Mackey said that he would like the Board to understand where they want to be. He then referenced the letter (handout 12) from Terry Bergeson, which provides a sideboard for the Board to discuss, noting that these ideas will aid Mr. Mackey and Mr. Brodie in helping the Board's decision-making.

### Jack Hulse DEIS Comment Overview (handout 11)

DEIS Comment Overview-this will assist in coming to the final EIS results.

Mr. Hulse began by stating that he was coming to the Board as a responsible official to present a high level summary of the Draft EIS comments.

#### *Process Update*

- The DEIS commentary period closed December 19, 2003.
- Comments from over seven hundred individuals and groups.

#### *Answers to the Comments*

- Part of the Final EIS: responsiveness summary

#### *Identified Issues*

- Helpful in drafting the FEIS
- Model inputs and outputs
- Environmental analyses
- Economic analyses
- These components should be helpful in selecting preferred alternative. All Board members have a complete electronic copy of all comments.

*What this Summary is*

- Characterization of the range of responses
- Identification of the major issues
- Based on Mr. Hulsey's reading of all the comments

*What this Summary is not*

- Answers to the comments
- Comprehensive
- Compression or modification of the comments
- Official comment by the DNR

*Expected Outcome*

The Final EIS will likely incorporate a number of changes suggested by the commenters.

The nature and extent of the changes will be determined by the pending detailed analyses and the nature of the BNR's Preferred Alternative.

Terry Bergeson wondered what the range of characterizations and was there a balance?

Mr. Hulsey responded that this is not seen as a voting exercise particularly for the actions and decisions pending a fiduciary Board.

Bob Nichols asked if there would be modifications based on the comments?

Mr. Hulsey said yes.

Terry Bergeson asked if a supplemental EIS was needed.

Mr. Hulsey responded that it presumes a certain legal presumption that a supplemental EIS is necessary. It is his understanding, not being an attorney, that clarification and additional analyses can and will occur in the FEIS; such actions are envisioned in state law. A supplemental EIS is not necessary except under limited circumstances. At this point DNR's Draft EIS has not crossed that threshold.

Mr. Hulsey stated that the practical implication of resetting an SEIS would fundamentally restart the scoping, writing, and hearing process.

Terry Bergeson asked if the Board could be updated on the concerns included in the comment overview so as to have a sequence on how to continue to look properly at the information before they finalize the preferred alternative.

Mr. Hulsey referred to August 2002 when the discussions on modeling scenarios began. The objective at that time was to push the analytical framework and the windows out to various broad ranges in order to provide room for the Board to do a mix and match. Although some would argue that the initial analyses are incomplete, the DEIS is an attempt to characterize what we knew using reasonably available information to help guide the Board to do a mix and match. For these broad policy parameters, which have been expanded consciously as a Board decision for modeling parameters, suggests a SEIS is not indicated. There was a primary wave of analyses done in the DEIS. Then a second wave of analyses will be done once the Board selects the preferred alternative; the analyses will be part of the Final EIS (FEIS).

Terry Bergeson wondered if after choosing an alternative and looking at the modeling the Board decides that it may not be the best choice do they have the option to choose a different alternative?

Mr. Hulsey said the Board always has the option to change their mind, if in fact there is additional information that comes forward.

Bob Nichols referred to a comment about large diameter logs and asked for an elaboration.

Mr. Hulsey replied that the testimony was provided at the Aberdeen public meeting and was also submitted as a comment. Simpson's procurement manager testified that there was an emerging price penalty for larger diameter wood because of the inability to merchandise it effectively using installed mill technology; most mills are engineered for small diameter wood, which is the mainstay of the four to five billion board feet annually harvested in Washington.

#### Terry Bergeson Superintendent of Public Instruction (handout 12)

Terry Bergeson began by crediting OSPI staff member Brenda Hood for attending meetings, talking to various stakeholders groups, and her contribution in drafting the memo. She stated that the purpose of the memo is to provide a broader policy direction for the Department in terms of modeling the SHC. She then gave an outline of what the memo entailed.

#### *Management Principles and Objectives*

The objectives outlined below provide a broad level of direction to the DNR in modeling the sustainable harvest calculation, focusing on:

- Our fiduciary responsibilities
- A flexible framework for DNR staff to work within
- Phasing in management strategies to maximize revenue within reasonable expenditures
- Experimenting with innovative forestry techniques to maintain a diverse, healthy forest system and to protect sensitive areas and habitats
- Requiring monitoring and reporting of efforts and results in an outcome-based format so that the BNR can respond timely to implementation issues.

Ms. Bergeson mentioned that the current management money for the department is 25 cents on the dollar and she would like to see it stay that way. In the future if there is a way to expand what that dollar is, then there could be a different split. She also stated that as a Board member she would like to see flexibility but also have the Department come back to the Board for guidance.

Ms. Bergeson then read an excerpt from the memo:

The Board must ensure all of our decisions meet our fiduciary responsibilities and legal obligations. From the court ruling in *Skamania*: "The state's fiduciary duty of undivided loyalty prevents it from using state trust lands to accomplish public purposes other than those which benefit the trust beneficiaries." Each decision needs to be weighed in terms of:

- a. Being prudent;
- b. Assuring intergenerational equity; and
- c. Maintaining asset productivity in perpetuity.

With that principle in mind, I present the following as draft objectives I would like the Sustainable Harvest Calculation (SHC) to meet, and submit these to you for discussion:

1. The first objective is to have the return on investment measured by net present value, assuring optimum returns to all generations.
2. The second objective is to align all departmentally-created policies, procedures and tasks with BNR approved policies to ensure flexibility and optimize the return on investment and achieving other asset management objectives in support of our fiduciary responsibilities.

3. A third objective is to direct the DNR to provide professional management of the assets through active stewardship of as much of the landscape as allowable by law (including the HCP), opening up the landscape to on-base activities.
4. A fourth objective is for the SHC to reflect a flexible framework within which DNR may, year to year and stand by stand, use professional judgment, best available science and sound field forestry to achieve excellence in our public stewardship.
5. A fifth objective is to phase in innovative and more intensive silviculture activities such as improvements to planting stock, site preparation, fertilization, and thinning as cash flow is available from reductions in regulatory constraints, living within present expenditure limits (referring to the 25% management fee) in the near-term.
6. A sixth objective is to actively manage the land base in such a manner as to complement our fiduciary responsibilities and still achieve a mosaic that includes a diverse forest structure and provides for broader economic, conservation, aesthetic, recreational and other public benefits. To this end, such innovative activities might include variable density harvests, contract harvesting in sensitive areas, intentionally managing for snags and woody debris, rotating harvest ages, and the development of biological pathways – all in appropriately designated areas.
7. A seventh objective is to employ a structured monitoring and reporting program, providing a report on efforts and results, short- and long-term costs and benefits, and foreseeable changes needed in statutes, BNR approved policies, management fees, or departmental practices.
8. An eighth objective is to identify those lands within BNR's purview that provide greater ecosystem and/or public benefits beyond a return on investment which creates a conflict with actively managing the area, and utilize such tools as the Trust Land Transfer program to remove those lands from the trust inventory into protected status. One example that might receive priority is old natural forests, areas of old growth that have never been harvested or managed for harvest.

Again, this is a draft provided for your consideration as general objectives for our upcoming decision.

Chair Sutherland commented on the memo and said someone spent a lot of time thinking this through and it gives a great starting point.

Ms. Bergeson stated that the Board is operating in a highly prescriptive environment and would like to talk about how to find the balance between the objectives and the desired outcome.

Jim Cook concurred with Chair Sutherland that this is a great starting point and then drew the Board's attention to the first objective asking what is the return on investment?

Bruce Bare responded that timber have historically increased faster than the rate of inflation and have somewhat masked the effects of even flow harvest policies. However, the current forecast by the US Forest Service shows no increase in real prices, meaning that era is over.

Terry Bergeson contemplated the issues of value and volume and said she would like to see the net present value increase every year for the Trusts, is that possible? What measures should the Board be looking at and how should they be interpreted?

Angus Brodie indicated that the Department has calculated the net present values but has not presented them to the Board. He said he would send the Board the report shortly.

Glenn Huntingford commented that if DNR is going to be practicing more intensive management then there should be a plan in place that some of that money is being spent to keep the fund balance down.

Terry Bergeson said looking at the cash flow the 25/75 is a very serious issue for fund balance.

Glenn Huntingford concurred with Ms. Bergeson's comment and added that the Counties are in the same position. This memo provides a framework for us to deal with issues.

Bruce Bare emphasized that while Ms. Bergeson's memo identifies the critical elements that have been discussed, one that is missing is return to specific trusts.

Terry Bergeson wondered what the ownership groups represent and would like to see numbers before she makes a decision.

Chair Sutherland stated that typically DNR tries for a 5% return.

Terry Bergeson wondered how to take the working capital available and parlay it into a return to the trusts. She would like to see a revenue stream that keeps coming in to build, repair, and enhance the educational environment for the children in WA, including the things that DNR does for the State. Ms. Bergeson stressed that there needs to be reporting and a way to evaluate the information.

Bruce Bare highlighted the first principle from Dr. Bergeson's memo, fiduciary responsibility to the Trusts, and commented that in his opinion that should be a high priority and the funding should be secondary consideration. He then suggested that Alternative 6 be run with a constraint that requires no more than a 25% management fee and see how that would shift the result.

Bruce Mackey recommended that the Board give DNR more direction on filling out what they want to see according to Dr. Bergeson's memo. He suggested the Board make the policy decisions first and then he and Mr. Brodie could make a run and let the Board know what the economic, implementation, and timing implications are.

Terry Bergeson expressed concern over aggregating the alternatives and said she feels stuck on the mix and match approach.

Chair Sutherland wanted to make sure that all the questions regarding the memo had been answered before they continue.

Terry Bergeson would like to put the management practices on the table.

Angus Brodie remarked that the main effect of some of the existing policies or procedures that the Board hasn't approved impact the amount of land available for management today. The two major policies with the greatest impacts are retaining the owl circles and the 50/25 rule. The legacy tree procedure is a modification of the existing HCP procedure, which is more of an operational issue.

Bruce Bare replied that he was a little bothered by the procedure and tasks portion because he would assume that operational considerations are consistent with the policy, where they are not he would agree with the statement.



Angus Brodie said that the actual procedure allows some management in owl circles but they have to be habitat typed; there are some mechanisms to go through and the Department is cautious about doing any activity in those circles. Although it's an operational issue it has a huge impact upon existing policy expectations that were laid out in 1996 and 1997, resulting in sales level substantially lower than promised in the HCP.

Bob Nichols conveyed that he was in general agreement on Dr. Bergeson's memo but would like to focus on translating it into action.

Bruce Bare pointed out that number three (handout12) is a powerful statement and should be adhered to.

Angus Brodie referenced last months presentation slide 49, looking at on-base land.

Terry Bergeson continued that looking at riparian areas and marbled murrelets there is work to be done as far as getting more land on-base in an ecologically sound way.

Bruce Bare noted that the Board did not have any simulation before them that changes the on-base/off-base categorization as you move over time.

Mr. Brodie said yes but only for the first decade. After the first decade we made the assumptions that the riparian strategy would be finalized with the Federal Services.

Glenn Huntingford would like to see a monitoring report consistent with the HCP regarding how much habitat was created and how much timber was harvested annually. He also noted that this would gain support with the public for what the Department does.

Terry Bergeson wanted to know what would be the critical indicators to monitor for success?

Bruce Mackey listed three tiers: context, vision, and sideboards, as objectives. Within those the Department needs to address the five or six policies that could change to affect the SHC. The third is implementation and monitoring; he then suggested deferring the latter until the broad policies are dealt with.

Terry Bergeson asked what broad policies Mr. Mackey was referring to?

Mr. Mackey responded with timber flow and ownership groups.

Jim Cook exited the meeting at 3:20

Break at 3:20

Reconvene at 3:30

## **SUSTAINABLE HARVEST CALCULATION WORKSHOP**

Bob Nichols wanted to know if after viewing the results of the earlier run, could they provide a new set of runs before February?

Angus Brodie said yes, that is the goal for today. There were three runs that were suggested at the last meeting. (slide 5)

Alternative 5A: Use flow control as in Alt. 3, lower maturity criteria by 5 years and increase silvicultural investments.

Alternative 6A: Use flow control as in Alt. 3, apply biodiversity silviculture across entire land base, constrain the riparian activity that was going on in 6 and bring it down to the level of 2 or 5.

Alternative 6B: As above (Alt6A), however use one ownership group.

Mr. Brodie continued by explaining the graph on slide 6 (handout 10) Alternative 5-Intensive silviculture; Alternative 5A – as Alt5 with flow control as in Alt 3 and intensive silviculture (increased planting densities, fertilization, etc) and lowered maturity criteria by 5 years.

Results in first decade: potential increase in net revenues of \$13 million, increase in harvest level of 40 MMBF.

Bob Nichols asked if intensive investment is something that should begin now?

Mr. Brodie responded yes, and you have to continue that in order to maintain these high level yields.

Mr. Nichols asked if the investment resulted in management costs above 25%?

Mr. Brodie said yes. The result is an increase in net revenues, even if it took more than 25% to produce the projected sales levels. He continued that there are short-term benefits but the longer-term benefits have a certain risk level and are more questionable. This is an intensive model.

Terry Bergeson asked if this was the five-year shorter rotation?

Mr. Brodie responded yes, this would bring the average maturity down to 45 years.

Bruce Bare asked if Mr. Brodie changed the land allocations and if by lowering the rotation age would you expect less volume in the long-term?

Mr. Brodie said no there was no change in land allocations and that he would expect less volume in the long run.

Mr. Bare asked if he could see the run with net present value.

Mr. Brodie said he would provide at February 3, 2004 meeting. He then moved onto alternative 6. (slide 7)

Alternative 6- Innovative silviculture

Alternative 6A – As alt6 with flow control as in Alt 3 biodiversity pathways applied over the entire forest base and reduce riparian management

Alternative 6B – as Alt6 with one ownership

Results in first decade: estimated increase in net revenue of \$40-50 millions dollars, with increase in volume of 55-68 MMBF. However, Alt6A and B long-term harvest levels drop as a consequence of allocating most of the forest to biodiversity longer rotation (~140 YEARS) with regeneration harvests (of any acreage) only occurring in the first two decades.

Bob Nichols asked for clarification on the alternating rotation age with biodiversity pathways.

Mr. Brodie responded there are alternating rotations under biodiversity pathways and they are 80 years in length on up to 140 years of age. At the start of the run you have to allocate if the stand is going to be

long or short, and we do that by stand characteristics. The condition of the stand at the moment, including snags, volume, etc., our allocation pushed a large percentage of the forest into the longer rotations.

Bob Nichols commented that this was repackaged with a different scenario and would Mr. Brodie be sharing it with the Board?

Mr. Brodie said yes and it has the same principles that we are trying to apply to the biodiversity pathways across the landscape, these results have a much more complex forest on the land base. If you reallocate to shorter rotations you don't get as much of that complex forest so there are trade-offs. If you want a complex forest this is a way to get there, but if you want more balance between a complex forest and getting it in the right locations in regards to the HCP (NRF strategy) we can't guarantee in the other run that the habitat is where we want it, which is in the NRF & dispersal and the OESF. It may end up on the Pacific Coast or Capital Forest for example.

Terry Bergeson wondered if Mr. Brodie could just go where you want the habitat to be?

Mr. Brodie responded that's Alternative 6.

Mr. Nichols asked if in the re-run are you just pushing down the decade 1, 2, & 3, so that the outlying decades go up?

Mr. Brodie said no, but that would happen if you pushed them down.

Bruce Bare pointed out that the flexible timber harvest flow constraint used in Alt3 was also used in Alt6A. He noted that if one was to implement a plus or minus 25% modulating flow constraint, the expected timber harvest in the first decade would be lower than when the more flexible flow constraint is used.

Bruce Bare commented on the graph (slide 7) and asked for clarification on why Alt6B is not generally higher than Alt6A.

Mr. Brodie remarked that it's not that the ownership groups don't have an effect but in this graph there are too many acres on a longer rotation and that is now constraining the land base. Rotation is more constraining than ownerships or flows.

Bruce Bare concluded that this is an indication that there is something technically wrong with this run.

Mr. Brodie explained that they took a very simplistic approach by putting stands into certain regimes and applying it across the land base, and the result was not what they expected. He then said this is a learning tool by going through these various runs in terms of seeing what does and doesn't work.

Terry Bergeson stated that she would rather not see an unconstrained flow model; she would like to see some regularity.

Terry Bergeson wondered what eliminating the regeneration harvest actually means?

Mr. Brodie said it's just leaving the trees to grow.

Bruce Bare wanted to know what happens when you reach the end of a biodiversity pathway (the 130 year rotation)?

Mr. Brodie reported that in the model we are regenerating the stand and leaving the leave trees, in practice it may be a very different picture.

Mr. Nichols asked what reallocation of the forest meant?

Mr. Brodie explained that if the Board wanted to improve the revenue performance of that alternative, you would have to reallocate some of the longer rotation stands into shorter rotations to achieve a balance. Longer biodiversity rotations increase the area of structurally complex forests by approximately 16% in comparison to Alt6.

Points 4 and 5 (slide 8) relate to Alternative 5:

- 4) Shorter rotations (with a maturity criteria of 45 year for Douglas fir on average site) appear to substantially lower the long-term harvest levels.
- 5) Additional revenues earned in Alt5A need to be invested today in silviculture to meet future improved yield assumptions.

Mr. Brodie concluded that these were the run results requested by the Board.

Mr. Mackey asked the Board to supply him with an alternative so that they could do another run.

Bruce Bare wanted to know if Mr. Mackey wanted outcomes to measure or parameters that would describe the run?

Mr. Mackey stated that he wanted the parameters of another alternative that would describe a run that begins to reflect the objectives that the Board has generally agreed upon.

Chair Sutherland interjected and requested a conversation regarding management in riparian areas.

Mr. Mackey responded that they could start with modest timber flow (referenced charts).

Terry Bergeson referenced the alternative charts and the value regulation. She pointed out that in her opinion value and volume need to be balanced.

Mr. Mackey explained that there will be a decadal target and if the Board were to choose alternative 6 he could tell them what the decadal target for volume would be. Given current prices it would change the decadal target value. In reality, at the end of the decade you would want to know that you met the volume. That tells you that you've met your HCP commitments from year to year.

Terry Bergeson replied that you'd be looking at a decadal revenue target versus yearly. She'd like to go back to the objectives and focus on flexibility to apply the best scientific forest practices and the best marketing principles in order to achieve the best return possible.

Bruce Bare noted that the mix and match has to be done within the constraints of SEPA, and given Dr. Bergeson's principles he suggested putting up value regulation with timber harvest flow constraint that are in alternatives 5 & 6.

Angus Brodie stated that ideally you want that without decreasing inventory.

Bob Nichols wanted to clarify if this was alternative 6 being discussed (pointing to easel) he expressed concern over the 25% policy and wanted to see a run with alt6A as the framework and then less harvest in the riparian area and more application of biodiversity pathways to the uplands with general objectives.

Glenn Huntingford added that you would be taking riparian management versus moderate management.

Terry Bergeson stated that the trust needs benefits and the active management costs more money, she would like to see analyses on how much active management in the right places would cost.

Bruce Bare felt unclear of the consequences of biodiversity pathways?

Bob Nichols detailed alternative 6A and explained that you constrain it with 25% management and you phase it in with less impact on riparian area and then apply biodiversity pathways to the uplands with general significance.

Glenn Huntingford summarized that it would be a combination of thinning and regeneration in the uplands instead of across the board. He then asked how that would be applied, what percentages, and how it would be run?

Terry Bergeson wondered if there was an overall silviculture approach that affects riparian management?

Angus Brodie clarified that in alternatives 1 & 4 the management is constrained in the riparian area. The moderate management intensity goes up in alternatives 2, 3, & 5 and will generate revenue. The silviculture activities will remove volume from the riparian area. He then referred to (slide 28).

Terry Bergeson inquired about the higher cost of having thinning done correctly.

Mr. Brodie pointed out that it picks up on some of the objectives in Dr. Bergeson's memo, the need for monitoring and phasing in these activities. He then asked how do we phase this in?

Bruce Bare commented that there is confusion about how the on base forest has been stratified into three buckets, the riparian and two categories of uplands. We have silvicultural activities and biodiversity pathways but we don't know which bucket they are applied to. We use one type of biodiversity pathway in the riparian areas and a different form of biodiversity pathway on the uplands. We also apply silvicultural activities on the two categories of uplands but it is not clear what form these silviculture take.

Mr. Brodie responded that the basic silviculture that is decided will help determine the investments. For example if you took the riparian management that might go on in alternative 5, which has a silviculture that is based on value you would evaluate the silviculture investments in the riparian area not only in terms of the restoration value but in terms of the NPV or it's return on investment. Where in 2 or 3 you would be balancing those investment criteria.

Terry Bergeson asked if we are talking about the uplands with general objectives, which should be the most productive land in terms of low management costs and return on investment. She asked if that is due to less restrictive rules?

Mr. Brodie stated that there would be a regeneration harvest on an upland with specific objectives. He continued by saying that the silviculture applies to the entire land base. The constraints that are on the land base modify silviculture. In general management areas there are fewer constraints excluding leave trees and adjacency.

Terry Bergeson stipulated that intensive silviculture would look different on uplands with specific objectives and in riparian areas.

Mr. Brodie said yes that is correct because it is constrained by other factors.

Bruce Bare went back to Bob Nichols proposed run and suggested that the word riparian be taken out, what would it mean in the biodiversity pathway box? (Referring to easel)

Bob Nichols suggested that a run be made on alternative 6 where biodiversity pathways are applied to uplands with general objectives.

Mr. Brodie said that would involve a cost constraint.

Bruce Bare conveyed that if they were to do Mr. Nichols run then you would have biodiversity pathways across all on base acres (877, 000).

Terry Bergeson asked for the reasoning behind that?

Mr. Brodie specified that it would constrain the application through a cost mechanism.

Terry Bergeson asked for clarification on what a biodiversity pathway is?

Mr. Brodie responded that a biodiversity pathway is set up to meet a special condition. We have used these practices in the HCP. We want to use it subject to the stand structural constraints and to maximize the net present value.

Terry Bergeson expressed concern over not generating enough revenue for the trusts.

Glenn Huntingford agreed with Ms. Bergeson's opinion but pointed out that this model should be run so that when decision is made it is clear that all options were considered.

Terry Bergeson informed Mr. Brodie that at the next meeting she would like to focus on ownership groups.

Mr. Brodie said he would modify alternative 6A & B (the allocation, without cost constraint), and with alternative 6B (with cost constraint, prioritize stands).

## **CHAIR REPORTS**

Chair Sutherland recognized and congratulated Terry Bergeson for her receipt of the Walter G. Turner award.

He then announced that Bruce Bare and Pat McElroy were elected as fellows in the Society of American Foresters.

Chair Sutherland asked if there was anyone else present wishing to make comment before the Board?  
Seeing none, hearing none.

Meeting adjourned at 4:35 p.m.

Approved this \_\_\_\_ day of \_\_\_\_\_, 2004

\_\_\_\_\_  
Doug Sutherland, Commissioner of Public Lands

\_\_\_\_\_  
Bob Nichols for Governor Gary Locke

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Bruce Bare, Dean, University of Washington

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R. James Cook, Dean, Washington State University (Interim)

\_\_\_\_\_  
Terry Bergeson, Superintendent of Public Instruction

\_\_\_\_\_  
Glen Huntingford, Commissioner, Jefferson County

Attest:

\_\_\_\_\_  
Sasha Lange, Board Coordinator



